

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: January 17, 1996

SUBJECT: **SB 1945 - HB 2050**

This bill, if enacted, will allow a member of the Tennessee Consolidated Retirement System (TCRS) one day of creditable service for each one day of peacetime military service rendered for the first year of military service. After the first year, the member is granted one day of creditable service for each additional two days of peacetime service rendered, not to exceed an aggregate of four years.

Currently, such military credit is calculated on the basis of one day of creditable service for each two days of military service not to exceed four years of service credit.

To obtain such credit, the member must pay employee contributions for the service claimed based on a contribution rate of 9%. The rate is applied to the member's monthly salary at the time of the claim which is then multiplied by the number of months the member is eligible to claim. If the member has terminated employment at the time of the claim, the rate is applied to the salary the member or retiree was receiving at the time he/she terminated employment.

The fiscal impact from enactment of this bill is estimated to be a maximum increase in accrued liabilities of approximately \$4,188,000 with an annual amortized cost of approximately \$408,000.

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The fiscal impact on local governments from enactment of this bill in and of itself is estimated to be minimal since the provisions of the bill are permissive.

Increased expenditures to local governments will depend upon the number of local governments electing to grant such additional credit, the number of members in such jurisdictions having military service and the amount of military service for such members. Therefore, such increased expenditures cannot be determined but are estimated to exceed \$100,000 if most local governments elect to permit such additional service.

The bill makes no provision for funding.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director